



**UNITED STATES RAILROAD RETIREMENT BOARD
844 NORTH RUSH STREET
CHICAGO, ILLINOIS 60611-2092**

FORM RRB-1099-R Tax Statement General Information

The Form RRB-1099-R tax statement(s) enclosed is issued by the U.S. Railroad Retirement Board (RRB) and represent(s) the payments made to you in the tax year(s) indicated on the tax statement(s). You will need to determine if any of the railroad retirement payments made to you are taxable. Explanations of items on the Form RRB-1099-R are found on the back side of this explanation sheet.

Form RRB-1099-R reports the total gross paid, repayments and the related U.S. Federal income tax withheld from the Non-Social Security Equivalent Benefit (NSSEB) portion of tier 1, tier 2, vested dual benefit (VDB), and supplemental annuity payments. These payments are treated as private pensions for U.S. Federal income tax purposes. Railroad retirement payments are **not** taxable for state income tax purposes.

There are two boxes located at the top left hand side of Form RRB-1099-R indicated as **CORRECTED** or **DUPLICATE**. One of these boxes is checked when either a corrected or duplicate Form RRB-1099-R is prepared. Both boxes are checked if the Form RRB-1099-R is a duplicate of a previously corrected Form RRB-1099-R. Neither box will be checked if this is an original Form RRB-1099-R. You may receive more than one Form RRB-1099-R for the tax year indicated. Each Form RRB-1099-R is valid and should be included when you file your U.S. Federal income tax return for the tax year indicated. However, do **not** use the original Form RRB-1099-R when you file your income tax return if you received a duplicate or corrected Form RRB-1099-R for that same tax year. If you are required to file an income tax return, a negligence penalty or other sanction may be imposed on you if the income is taxable and the Internal Revenue Service (IRS) determines that it has not been reported.

Generally, if you are a U.S. citizen you may also receive Form RRB-1099 or if you are a nonresident alien you may receive Form RRB-1042S in addition to Form RRB-1099-R. Both the Forms RRB-1099 and RRB-1042S report the Social Security Equivalent Benefit (SSEB) portion of tier 1. If you are affected by the General Rule provisions, you must compute the taxable and nontaxable amounts of your annuity payments shown on your Form RRB-1099-R. If you are using the Simplified General Rule method, refer to the Simplified General Rule worksheet in the **Instructions for Form 1040 and/or Form 1040A Booklet(s)** to determine your taxable amount. For more detailed information, refer to **IRS Publication 575, Pension and Annuity Income**. If you choose to compute your taxable contributory amount using the Simplified General Rule method, use the amounts in Boxes 3 and 4 and the number of monthly payments you received in the tax year indicated on each Form RRB-1099-R. If you are **not** using the Simplified General Rule method, refer to **IRS Pub 939, General Rule for Pensions and Annuities**, to determine your taxable amount. If you previously computed your nontaxable amount, you may continue to use it. For widow(er)s that were paid as a spouse for part of the tax year, use only the annuity payments you received as a widow(er) to figure your nontaxable amount.

The totals reported on your Form RRB-1099-R may **not** equal the total amount of NSSEB, tier 2, VDB and supplemental annuity benefit payments received during the tax year indicated. For beneficiaries receiving Medicare, the difference may be the total amount of Medicare premiums paid during the tax year indicated. Amounts shown on tax statements issued by the RRB are **before** any deduction for Medicare. Effective for tax years 1997 and later, the RRB may show the total Part B Medicare premiums that were deducted from railroad retirement annuity payments for the tax year indicated on Form RRB-1099-R. The Medicare premium total is normally shown on Form RRB-1099 (for U.S. citizens) or Form RRB-1042S (for nonresident aliens). However, if Forms RRB-1099 or RRB-1042S are **not** required for your taxes, then the Medicare premium total will be shown on Form RRB-1099-R. Medicare premium refunds will **not** be included in your Medicare premium total. If you paid Medicare premiums by direct billing or your Medicare premiums were deducted from your social security benefits or paid by a third party, your Medicare premium total will **not** be shown on your Form RRB-1099-R.

If you have any questions about how to figure your taxable payments and/or what amounts to show on your income tax returns, contact your own tax preparer or the IRS. However, questions about railroad retirement benefit payments should be referred to the RRB. When contacting the RRB about your Form RRB-1099-R, always give the claim number and payee code shown in Box 1 of your Form RRB-1099-R. The recipient's identification number in Box 2 of the Form RRB-1099-R is the social security number for the person listed as the recipient. You should contact your **nearest** RRB field office for **local** assistance with your inquiries. You may call the RRB at (312) 751-3320. In addition, you may E-Mail us with your inquiries at taxation@mcs.com and may visit us on the Internet at <http://www.rrb.gov>.

You may want to photocopy and retain this Form RRB-1099-R for income verification and record keeping purposes.

Please be sure the RRB always has your current mailing address.

COMPUTER MATCHING AND PRIVACY PROTECTION ACT NOTICE

The Computer Matching and Privacy Act of 1988 requires the RRB to periodically advise you that information you have provided may be used, without your consent, in automated matching programs. These matching programs are a computer comparison of RRB records with records kept by other Federal, state, or local governmental agencies. Information from these matching programs can be used to verify a person's eligibility for federally funded or administered benefit programs and for repayment of payments or delinquent debts under these programs.

EXPLANATION OF ITEMS ON FORM RRB-1099-R

BOX 3 - EMPLOYEE CONTRIBUTIONS - This is the amount of railroad retirement payroll taxes paid by the employee that **exceeds** the amount that would have been paid in social security payroll taxes if the employee's railroad service had been covered under the Social Security Act. This amount is **not** a payment or income that you received in the tax year indicated on the Form RRB-1099-R. The amount of the employee contributions shown is the **latest** amount reported. This amount may have increased or decreased from a previous tax statement due to adjustments in the employee contribution amount. A change in employee contributions may affect the nontaxable portion of your NSSEB/tier 2 payment. You may need to recompute that nontaxable amount as explained in **IRS Pub. 575, Pension and Annuity Income**. The total contributions shown have not been reduced by any amounts that the RRB previously calculated as "recovery of contributions." If you are using the Simplified General Rule to compute the nontaxable portion of your NSSEB/tier 2 payment, this amount is the employee's cost in the plan (contract). Contact the RRB **ONLY** if you need to know the amount we previously calculated as recovered. If you or any member of your family had previous annuity entitlement that terminated between January 1, 1975, and December 31, 1983, you should contact the RRB, since the contribution amount may not be correct in those cases. However, if this box is blank, it means that you have recovered all of your contributions as of December 31, 1991, and your NSSEB/tier 2 payment is fully taxable **OR** you are a spouse or divorced spouse and your NSSEB/tier 2 payment is fully taxable.

BOX 4 - CONTRIBUTORY AMOUNT PAID - This is the gross amount of any NSSEB and any tier 2 benefits paid in the tax year indicated **less** any NSSEB and tier 2 repayments for that tax year. It is the sum of the NSSEB and tier 2 benefits. If the year for which the NSSEB and tier 2 repayments were made are not known, those repayment amounts will appear in Box 8. The figure is this item can be used by employees and survivors of deceased employees covered under General Rule provisions who wish to use the Simplified General Rule method to compute their taxable NSSEB and tier 2 benefits. **If you are using the Simplified General Rule method, this amount represents the total pension received and you will need to know your number of monthly payments for the tax year indicated.** If you do not know this information, contact the RRB. If you decide to use the Nonsimplified General Rule method and need the amount of your first regular periodic payment, contact the RRB.

BOX 5 - VESTED DUAL BENEFIT - This is the gross amount of vested dual benefit (VDB) payments paid in the tax year indicated on the tax statement **less** any VDB repayments for that tax year. It is fully taxable for U.S. Federal income tax purposes. However, if the year for which the VDB repayment were made is unknown, those repayment amounts will appear in Box 8.

BOX 6 - SUPPLEMENTAL ANNUITY - This is the gross amount of supplemental payments paid in the tax year indicated on the tax statement **less** any supplemental annuity repayments for that tax year. It is fully taxable for U.S. Federal income tax purposes. If the year for which the supplemental annuity repayments were made is unknown, those repayment amounts will appear in Box 8.

BOX 7 - TOTAL GROSS PAID - This is the sum of the amounts shown in Boxes 4, 5, and 6. If you are using the Simplified General Rule, do **not** consider this amount as the total pension received for the tax year indicated. Enter the amount shown in this box on line 16a of Form 1040, line 11a of Form 1040A, or on line 17a of Form 1040NR.

BOX 8 - REPAYMENTS - This amount represents the sum of the NSSEB, tier 2, VDB, and supplemental annuity repayments for prior years and repayments that we have not identified as a current year repayment made to the RRB in the tax year indicated. This amount has **not** been deducted from the current year gross amounts in Boxes 4, 5 or 6. To determine the year(s) to which the repayment applies, contact the RRB. The way you will handle the repayments will depend on the years to which the repayment applies, and whether you had included the benefits that you repaid in your gross income for those years. Refer to **IRS Pub. 575, Pension and Annuity Income**, for instructions on how to handle prior year repayments for income tax purposes.

BOX 9 - FEDERAL INCOME TAX WITHHELD - This is the total amount of U.S. Federal income tax withheld on your NSSEB, tier 2, VDB, and supplemental annuity payments. Include this on your income tax return as tax withheld. **CAUTION: This box includes withholding up to the amount of NSSEB, tier 2, VDB, and supplemental annuity payments you received. However, prior to tax year 1997, if you requested a tax withholding amount greater than your total monthly NSSEB, tier 2, VDB, and supplemental annuity amount, the additional tax withholding will be shown in Box 10, Federal Income Tax Withheld, on Form RRB-1099.**

BOX 10 - RATE OF TAX - If you are a U.S. citizen, this item does **not** apply to you. If you are a nonresident alien, an entry in this item indicates the rate at which U.S. Federal income tax was withheld on the NSSEB, tier 2, VDB, and supplemental annuity payments that were paid to you during the period covered by this Form RRB-1099-R.

BOX 11 - COUNTRY - If you are a U.S. citizen, this item does **not** apply to you. If you are a nonresident alien, an entry in this item indicates the country of which you are a legal resident at the time you received railroad retirement payments for U.S. Federal income tax purposes during the period covered by this Form RRB-1099-R.

BOX 12 - MEDICARE PREMIUM TOTAL - This is the total amount of Part B Medicare premiums deducted from your railroad retirement annuity payments during the tax year indicated. This amount is for informational purposes and only applies to tax years 1997 and later. **If your Form RRB-1099-R is for a tax year prior to tax year 1997, this box item will not be filled even though you had Medicare premiums deducted from your railroad retirement annuity payments during that same tax year prior to tax year 1997.** Medicare premium refunds will not be included in the Medicare total. The Medicare total is normally shown on Form RRB-1099 (for U.S. citizens) or Form RRB-1042S (for nonresident aliens). **However, if Form RRB-1099 or Form RRB-1042S are not required for the tax year indicated, then the Medicare total will be shown on Form RRB-1099-R.** If your Medicare premiums were deducted from your social security benefits; paid by a third party; and/or you paid the premiums by direct billing, your Medicare total will not be shown in this box item.